



## State Regents announce 2016 legislative, budget requests

(eCapitol) The Oklahoma State Regents for Higher Education approved their FY2017 budget request and 2016 legislative agenda during their monthly meeting Thursday.

The regents request a flat budget of \$963,412,106 for FY2017, the same amount of appropriations the agency received for FY2016. This is in addition to an addendum request for FY2017 of \$22,000,556 to meet campus operational fixed costs. The budget request was approved unanimously.

Chancellor Glen Johnson said that budget was informed by the widely reported possibility, though not confirmed, of shortfall of up to \$1 billion.

"It's a very succinct budget request," Johnson said. "We believe that it is cognizant of the budget situation and budget deficit."

Johnson also spoke on efficiency and cost saving initiatives universities across the state have implemented, including: joint degree programs between institutions, reducing scholarships, retirement incentive programs, sharing faculty between institutions, sports team and athletic facility reductions, travel reductions, energy savings and the consolidation of administrative positions. He went on to commend these efforts in the face of an increasingly tight fiscal year.

"We're are taking this budget crisis very seriously and you are seeing creativity, you are seeing innovation and most of all I think you're seeing partnering and collaboration between and among our institutions," Johnson said. "We're taking this very seriously and we are certainly preparing today for what we know is going to be a very, very difficult six months ahead."

"This could easily be a time where everyone puts their head in the sand. We're not doing that in higher education," Johnson said. "This is a year we need to minimize the cut to higher education and to protect our funding mechanism...We're ready for the task. We're ready to get to work."

Dr. Cheryl Evans, president of Northern Oklahoma College, represented the Council of Presidents expressed support for the regents' stand-still budget request and commended Johnson for his in-depth presentation.

"On behalf of the Council of Presidents, I'd like to express our institution's support of the governor and our Legislature as they guide our state through these very challenging economic times," Evans said. "This environment is not easy. We understand that."

Evans elaborated on the responsibility of Oklahoma's universities and colleges and the crucial roles they will play in building the state's workforce over the upcoming years.

"We ask that those making decisions about the budget this year recognize and prioritize the core functions of our state government and that funding education at all levels is important," Evans said. "We are intricately intertwined in our work so we ask that education become the priority this year."

Oklahoma State University President Burns Hargis and Oklahoma University President David Boren also voiced their and their universities' opinions regarding the budget request via video conference. In his presentation, Boren was critical of the Legislature's continued cuts to education.

"This year is the year in which I think we face the greatest crisis in education that I've seen in the period of time of 48 years that I've watched what is going on," Boren said. "We're dismantling, literally dismantling the infrastructure of public education of this state at the time that study after study shows, that in terms of economic development and our future, the single most important thing we can do for our future is invest in education."

Boren additionally spoke about Oklahoma's 49th national ranking in expenditures per student and possible pathways the state

### Quote of the Day

*"If we want to fund for (educational) excellence we need to do so. Right now, we're not even funding for mediocrity."*

Sen. John Sparks, D-Norman

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could take to raise money for its education programs.

"Are we going to wait until 51st before we do something?" Boren said. "There must be more revenues to enable us to provide the money for higher education, common schools, CareerTech, early childhood and the other programs that really need it. That's one of the reasons I hope the people of Oklahoma will consider adding another penny sales tax so that we can raise the money that is desperately needed if we're going to continue to fund education at the current level."

"I urge the state regents to ask for at least the minimum amount necessary even though it's going to be hard to have an increase, even though it's going to be impossible to avoid further cuts," Boren said. "Let us at least put in the record what we really need to advance higher education in this state and at the University of Oklahoma that's at least \$9 million in fixed cost increases that we cannot control. For the state of Oklahoma, that's \$40 to \$50 million more for higher education than we have now."

Boren concluded by sharing his hope that the board will take action to put "the real needs of Oklahoma students into the public record."

"Let's fight for it at the state Legislature," Boren said.

Regent Anne Holloway echoed Boren's sentiments by saying pressure must be kept on the Legislature to get what is needed to keep Oklahoma's economy moving.

"If we step back and don't push, then we will be reduced in funds," Holloway said. "The Chancellor [Johnson] has always been very good at keeping the pressure where it's needed and this year it is more important than ever."

The regents' main legislative priority next year is to maintain is to continue Oklahoma's participation in Complete College America (CCA) by increasing the number of college degrees and certificates earned throughout the state by an average of 1,700 per year.

"Our system of higher education remains committed to college degree and certificate attainment," Johnson said in a press release. "We know that increasing college degrees and certificates is Oklahoma's pathway to jobs and prosperity, increasing our state's per capita income and advancing economic growth. No entity in state government can help Oklahoma reach its goals of educational excellence and workforce development faster or more comprehensively than public education."

The regents also intend to maintain the current law prohibiting weapons on university campuses and will continue to aggressively oppose any legislation that provides the opportunity to carry guns on campus grounds.

"Higher education does not oppose the Second Amendment or gun ownership but we strongly believe that the current law's working which gives the [university] presidents the opportunity, based on the individual circumstances that are presented to them, to determine when and if it would be appropriate for someone to carry weapons on college campuses," Johnson said. "That has worked well. That's curreted many instances on our campuses through the years and we believe it is working very, very well."

Johnson added that the regents strongly believe that are no scenarios in which guns on a college campus will do anything more than create a much more dangerous environment for students, faculty, staff and visitors to said campus.

Another major legislative issue for the regents is upkeep of the state's college access program, Oklahoma's Promise. The program allows eighth, ninth or 10th grade students that meet academic and conduct requirements in high school and with families with an income of \$50,000 or less to earn a college tuition scholarship. Johnson said that students enrolled in the program often outperform those in the general student population.

"This is a very successful, very important initiative that is critical to our success in degree completion and so our agenda item is to preserve the program intact," Johnson said.

The proposed legislative agenda was also approved by the regents unanimously.

In addition to their budget and legislative requests, the regents also discussed their public agenda for 2016. This agenda includes increasing the number of college graduates in the state, enhancing access and improving the quality of public higher education and preparing Oklahoma students to meet the challenges of a global economy.

"We are in the midst of significant change. Not only change in higher education, but changes in our economy, certainly in our state, our country and internationally," Johnson said. "It is very clear that our colleges and universities are not reacting to this change but frankly are being aggressive and very proactive developing a game plan that will position our state system for education at the forefront going forward."

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## **Legislative leaders say budget shortfall will not be a 'distraction'**

(eCap) House and Senate leaders said Thursday the fiscal year 2017 budget situation will not be a distraction when lawmakers gather for the 2016 legislative session, during which that spending plan will be written and approved.

Speaking at the State Chamber of Oklahoma's 2015 Public Affairs Forum, House Speaker Jeff Hickman, R-Fairview; Senate President Pro Tempore Brian Bingman, R-Sapulpa; House Minority Leader Scott Inman, D-Oklahoma City; and Senate Minority Leader John Sparks, D-Norman, agreed the budget is the Legislature's top priority, not just in 2016, but every year.

Inman said he preferred to "...turn the question on its head."

"The budget is actually an opportunity to evaluate our priorities," Inman explained.

Inman he and the House Democrat Caucus see the budget situation as "an opportunity to highlight where we need to improve in Oklahoma as a state."

Hickman said "There is nothing we do that is more important than the budget. If the budget isn't the most pressing issue, then we need to be distracted by the budget and that should be the case every year."

Bingman said the budget sometimes does not receive the attention it deserves from some members, who miss appropriation subcommittee meetings but complain when budget decisions are made that they feel they had no input in. "Members file so many bills that they get involved in policy (discussions) that the budget is not getting the attention it really needs," he said.

Bingman, too, said the budget is the Legislature's most important responsibility.

He noted what he called a structural imbalance, where the Legislature relies heavily on one-time funds to balance the budget.

That one-time money will result in the largest portion of the anticipated shortfall for FY2017. Budget writers had \$6.6 billion in total funds available for appropriation for FY2016, the current fiscal year, but appropriated \$7.2 billion. To make up the difference, they used one-time funds, such as state agency revolving funds, the Constitutional Reserve or Rainy Day Fund, the Unclaimed Property Fund and others. They also appropriated other one-time funding, such as revenue from the tax amnesty program that concluded in November.

"That's something we need to correct," said Bingman, "but it's very difficult to correct when you will be facing a shortfall."

Sparks said he hoped lawmakers were distracted by the budget so they would avoid doing some of the "goofy" things they did and tried to do during the 2015 session. "We tried to outlaw AP History," Sparks said.

Sparks pointed to other issues the Legislature should also try to address during the 2016 legislative session. Such as a change in the multiple injury trust fund assessment that means work comp insurance providers either have to absorb the cost or pass it on to their customers, many of which are small businesses. He also argued the state should accept federal funds under the Affordable Care Act to expand its Medicaid program. Sparks compared the expansion opportunity to the building of the federal interstate highway system. States assumed the responsibility for caring for those roads once they were built, he said.

"Imagine how we would respond to businesses if we did not have transportation infrastructure," Sparks said. "That's the position we are putting ourselves in by not taking advantage of healthcare infrastructure."

Discussing workforce needs and the role of public education led to disagreements among those on the dais. Bingman said students needed to be challenged and he said he hoped new mathematics and language arts standards to be implemented would achieve that goal.

Sparks and Inman agreed high standards are important, but so is funding, they said.

"If we want to fund for excellence we need to do so," said Sparks. "Right now, we're not even funding for mediocrity."

Sparks also noted, "The free market has spoken: We are not paying our teachers enough."

Inman said the state needed "programs that are properly funded and affordable enough"

Pointing to previous budget cuts and the increase in student enrollment, Inman argued education funding is substantially lower now than it was several years ago.

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"That's crisis level management of common education," he said.

Inman noted higher education is more expensive today as a result of budget cuts that have resulted in tuition and fee increases and that the state's career technology system, once considered the best in the country, is not receiving the same accolades it once did.

"I believe we have a bunch of politicians who like to govern by political philosophy and not by political reality. That's the only thing that can justify what is going to happen Jan. 1. For the first time in history we are going to cut income taxes in Oklahoma when we have a budget deficit. That's ridiculous," Inman said.

Hickman said, "Teacher pay is something we need to address as a state."

However, he stopped short of advocating additional funding, noting instead that large portions of the money currently appropriated for common education is not making it to the classroom.

"We have a minimum wage in Oklahoma for teachers," Hickman noted. "Kansas and Colorado do not have a minimum wage for teachers and they pay more than we do, because I think some school districts use that as an excuse to pay the minimum pay."

Hickman said lawmakers should look at the mandates it imposes on schools and work with federal officials on their mandates to make sure school funding makes it into the classroom. On the issue of judicial reform, Hickman and Bingman said other members were looking at several different potential proposals to be considered by lawmakers next year. Sparks and Inman said the problem was not with the courts but the reactions of some members to some of the courts' decisions.

"The only problem is that once in a while they feel the Legislature is passing unconstitutional laws. Surprisingly, the Legislature doesn't like that," he said.

Inman noted legislators are quick to criticize courts when they rule against them but rarely praise them when they rule in their favor. He reminded those in attendance that the current system was the result of reform implemented after problems in the state's judicial system related to corruption and over-politicization. "Do we want to go back there?" he asked.

Sparks noted that the only judges disciplined in Oklahoma were some which had been elected. None that had gone through the Judicial Nominating Commission, he said, had faced discipline.

Everyone on the stage said they expected some legislation to be considered and likely passed to address Oklahoma's non-compliance with the federal REAL ID Act. Sparks noted he, along with Sen. Kay Floyd, D-Oklahoma City, already have introduced [SB0865](#), which repeals statutory language that prohibits Oklahoma's implementation of the REAL ID Act of 2005.

The four lawmakers also pledged their ongoing support to funding the Department of Transportation's eight-year road program, which they said has significantly improved infrastructure in the state.

Three lawmakers also were singled-out for awards at Thursday's even. Sen. John Ford, R-Bartlesville, and Rep. Earl Sears, R-Bartlesville, received Guardians of Free Enterprise awards for their efforts to improve Oklahoma's business climate. Sen. Stephanie Bice, R-Oklahoma City, received the Rookie of the Year Award given to a lawmaker in their first term in office for exceptional service.

"Oklahoma is making great strides towards becoming the destination of choice for business thanks to the work of these lawmakers," said State Chamber Board Chairman Brad Krieger. "We look forward to continuing that momentum in the upcoming legislative session."

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### **Full extent of capitol repairs almost twice as much as originally estimated, committee told**

(eCap) Members of the State Capitol Repair Expenditure Oversight Committee were presented with figures that were more than twice the amount of money allocated for the full extent of repairs and restoration to the state's crumbling State Capitol during a meeting Thursday.

Contractors working on the repair of the building presented the committee with a proposal showing what can be done with the \$120 million now available and what could be done in the future if more funding becomes available.

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The proposal outlines priorities for both the exterior and the interior of the building, which are being carried out by two different companies, for a total of \$187 million in new funding.

An additional \$95 million is needed just to meet the original RFP requirements for the interior work, the committee was told. Another \$65 million would be needed to complete "tier III" items which include a parking garage, a renovated park area, an arch and a reflecting pool, which were all touted as safety features.

Lawmakers admitted they will have a tough sell to make to fellow colleagues during the upcoming legislative session given the state's budget realities.

"This is never politically popular and there is never a right time to do it but this is fundamentally different than other things we fund through the appropriations process," said Sen. Corey Brooks following the presentation. "This is bonding for capital infrastructure, a whole 'nother pile of money, a whole 'nother funding stream."

Brooks, R-Washington, said this would be a onetime cost and not a recurring expense, like teacher pay raises.

"When it comes to bonding there hasn't been a better time to do capitol bonding than there is right now with our state bonding rating and with the cost of borrowing money right now," he said.

Brooks, questioned the necessity of some items labeled a priority but said he also understood the need for some items that may come off as luxurious such as a renovated public access entrance.

"We have to be good stewards of the state's money but at the same time this is the people's house and access is an issue. I think it's worth discussing," he said.

Members of the House echoed his sentiments.

"With the budget shortfall it is something we will still pursue but I don't know how my colleagues will feel about it," said Rep. Mark McBride, R-Moore. "It depends on how we present it."

When the bond proposal was first presented to the Legislature for its approval, the amount of the bond was much higher, so House members are well aware that \$120 million would be insufficient, McBride noted.

Rep. RC Pruett, D-Antlers, said he wouldn't have even brought up the "bonus" features in tier III given the unpopular political nature of the project, even though they looked "majestic". McBride suggested these features could potentially be built with private dollars, just like the dome.

"I think (the arch) would be neat It's awesome and I like the idea of the parking garage...they are great ideas but I figured \$122 million would be required to do (the more immediate priorities)," McBride said.

"Money's cheap right now. Bonds are cheap," he added. "Is this something we don't want to do because we're going to have tough budget year? I don't know, my little crystal ball doesn't tell me if next year is going to be good year or the year after that."

The Office of Management and Enterprise Services is currently evaluating the proposal, state officials said Thursday. The board will not be presented with actual figures until the bidding process is completed, which is estimated to be around June 1.

"What we're trying to do now is build some consensus about where were going with the project," said OMES Project Manager Trait Thompson. "Obviously when it comes to funding, that's the big elephant in the room."

Thompson said his team has been in discussions with the State Bond Adviser on options. He said he wasn't ready to get into specifics but acknowledged there were "some attractive options" available for the Legislature to consider.

"I think what our teams are looking at now is to avoid a start stop situation and lose efficiencies in the project," he said. The more they have to get to a place where they run out of funding or reprioritize, the more savings they lose."

Contractors said there has been 100 percent collaboration between both teams to ensure there is no overlap in expenditures.

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## **Aeronautics Commission cuts non-mission critical spending by 37 percent**

(eCap) In response to an executive order, the Oklahoma Aeronautics Commission (OAC) submitted a report to Secretary of

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Transportation Gary Ridley documenting a \$39,206 cut to non-mission critical expenses for the remainder of the 2016 fiscal year, said Director Victor Bird at Thursday's meeting.

The executive order issued by Gov. Mary Fallin in October directs state agencies to provide "written documentation of a 10 percent reduction in non-mission-critical agency expenses" for the remainder of FY2016 and all of FY2017. It also places a moratorium on non-essential out-of-state travel for all state agencies.

The report submitted to Ridley states the non-mission critical expenses for the remainder of FY2016 total \$106,300, which will be reduced by 37 percent for FY2016 and FY2017.

The information/public relations portion of the agency's budget will take the largest cut at \$20,000, half of what was originally budgeted. Next, the funds for exhibitions at conventions and trade shows will take the second largest hit at \$10,500, also a 50 percent reduction.

Advertising was reduced by \$1,750, information services by \$3,217, out-of-state travel by \$2,000 and memberships by \$1,739, bringing the grand total to almost \$40,000.

"In a sense, (OAC) has been having revenue failure since 2012, we are down. So we've had to make cuts to mission critical expenses," said Bird.

Bird mentioned the agency has saved an additional \$184,000 on mission-critical expenses through two vacant positions that have not been filled and will remain vacant until "the state's revenue picture brightens considerably," he said.

Aviation Education and Government Affairs Liaison Treasure Morgan briefed commissioners on the state of Oklahoma's fiscal outlook.

"Last month when the October number came out, we are definitely moving towards the possibility of a revenue failure. Last month we went from .3 percent to 2.8 percent in the 5 percent cushion that is built in to the state budget and required by the state's Constitution," said Morgan.

Revenue failure has happened 2002, 2003, 2009 and 2010, though this year is proving to be slightly different than the rest, she said.

"It's just the magnitude and the depth of (the revenue failure) this year, and I think it's just that right now there's a lot of uncertainty as to the exact amount that it's going to be for this year," said Morgan.

During the 2010 revenue failure, money was borrowed from OAC's revolving fund and was repaid without interest.

"It was better than what happened during the 2014 legislative session where the Legislature just moved money from our revolving fund, which it can do," said Bird. "While the state economy is surprisingly doing really well, even October figures employment wise we still had net growth, but as far as state government is concerned we are still pretty dependent on gross production tax and that is way, way down."

Should a revenue failure occur in the current fiscal year, there will be an across-the-board cut to appropriated state agencies, said Bird, though it would not affect non-appropriated state agencies such as OAC, though they will not be held completely harmless.

"Will there be a reduction-in-force? I think there very well could be. Will we be affected? I think we will," said Bird. "All I can say is stay tuned because I think it's going to be a very difficult session. The word is next session in 2017 will also be very bad. Then, the economy of state government might start to improve."

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